

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

In the Matter of:

Implementation of the Pay Telephone)	
Reclassification and Compensation)	CC Docket No. 96-128
Provisions of the Telecommunications)	
Act of 1996)	

COMMENTS OF CINCINNATI BELL TELECOMMUNICATIONS SERVICES

Cincinnati Bell Telecommunications Services ("CBTS"), a non-regulated subsidiary of Cincinnati Bell Telephone Company ("CBT"), an independent, mid-sized local exchange carrier, hereby files its Comments in response to the Federal Communications Commission's ("Commission" or "FCC") Public Notice released on May 6, 1999 in the above-referenced docket. This public notice seeks comments and information concerning inmate and non-inmate collect call surcharges.

COMMENTS

I. The Commission initially seeks comments on both the existence and level of state imposed rate ceilings. CBTS provides service to inmate facilities in both Ohio and Kentucky and is unaware of any state-imposed ceiling or cap on the rates or surcharges that they may charge for their services.

Furthermore, CBTS believes that it should be allowed to fully recover all costs associated with providing services to any inmate facility. The surcharge helps payphone providers recover those costs associated with both the necessary hardware and software to provide these services as well as the commission required by the inmate facility. In many cases, the level of commission

provided to the facility is the determining factor when a decision is made by an inmate facility as to their service provider.

CBTS charges Kentucky recipients of both inmate and non-inmate calls \$2.50 for a local, unlimited length, collect call. An IntraLATA collect call to Ohio or Kentucky customers is billed at a \$2.50 flat rate and at a \$0.36 per minute charge, while an InterLATA collect call is billed at a \$2.95 flat rate and at a \$ 0.50 per minute charge. The InterLATA and IntraLATA per minute rate that CBTS applies in both states mirrors the rates in use by AT&T.

II. The Commission has also asked for comment on the compensation mechanisms used for inmate providers. The Inmate Calling Service Providers Coalition ("Coalition") has proposed that \$0.90 be universally applied. CBTS does not support this position. While the overall costs for service and equipment change on a facility-to-facility basis depending on the requirements of a particular facility for varying types of equipment and services, the level of commission required by the inmate facilities is the most critical single element in the establishment of rates. Therefore, the establishment of a static compensation element, as proposed by the Coalition, without considering the additional element of a dynamic commission and varying demands for services and equipment, is unacceptable and ignores the reality of providing inmate payphone service.

As most of these facilities are under city, county, or state government jurisdiction, CBTS opposes the establishment of a single, nationwide inmate payphone service provider compensation rate, in that such a rate would not be in the best interest of the consumers. The

establishment of a static compensation element would harm the inmate facilities and the programs they provide to inmates.

The level of commission, while arguably a major part of the makeup of the surcharge, provides income for these facilities, and with it, the ability to offer programs to the inmate population. The establishment of a single, uniform compensation rate element would also force certain inmate payphone providers to reevaluate their business plans. For example, such a uniform rate would not provide carriers the opportunity to recover all of the related costs of providing the service, thus forcing these providers out of the market and creating an unintended limitation on the number of inmate payphone providers. CBTS, while it does not support the \$0.90 as proposed by the Coalition, would support the establishment of a range of allowable surcharge rates. CBTS would also support the establishment of a type of commissary or debit plan for inmates to use when making calls, an option CBTS currently offers to those facilities that it serves.

III. CBTS currently provides inmate service to several facilities in both Ohio and Kentucky. The associated costs of providing this service is, for the most part, the result of the facilities, services, and commissions required by, and provided to, the inmate facility. Basic chargeable items include a per call query charge, a per call validation charge, a per call billing and collection charge, uncollectible and unbillable costs, a per call service fee, per call LEC fees, a monthly charge for the inmate access line, inmate access one-time charge, and 1+ long distance charges, and the commission.

As stated earlier, CBTS currently offers debit card and commissary plan services to inmate facilities, if they elect to use them. This forces the inmate facility into an administrative mode, where they must track the inmate's current balance in this account and provide policing of

the service. None of the facilities that CBTS serves currently utilize this feature. The utilization of this feature will provide a reduction in the level of uncollectibles that a service provider incurs. With the inmate providing the capital necessary to increase their personal account, combined with the blocking by the facility when the account is depleted, recipients of inmate collect calls will see a decline in their bill as related to inmate collect calls. CBTS supports the use of debit cards and commissary plans as a means to allow customers more control over their bills.

Bad debt, or uncollectible expenses associated with inmate collect calls are significantly higher than non-inmate calls. CBTS's experience shows that uncollectible expenses for inmate collect calls are almost 5 times greater than the uncollectible expense for non-inmate calls. A limit on the surcharge, while on the surface providing some relief to the recipients of inmate collect calls, is only a temporary solution that would not provide long-term relief for reducing the level of uncollectibles. CBTS submits that the establishment of either a debit card or commissary plan would go even further to help these customers control their bills.

IV. Finally, the Commission has requested comments concerning whether the incumbent LECs have discontinued all intrastate and interstate subsidies as well as removing all forms of discrimination with respect to their own inmate payphone service. Subsequent to the implementation of the Telecommunications Act of 1996, CBT discontinued and eliminated all subsidies with respect not only to its inmate services, but also to all payphone operations. Attachment 1 is a letter, filed by CBT with the FCC on April 15, 1997 stating that all subsidies have been removed from the regulated services of CBT.

CONCLUSION

CBTS believes that all costs associated with the provisioning of inmate payphone service should be recoverable. The establishment of a national compensation element, or a "ceiling" rate, would force many providers to re-examine their involvement in providing payphone service to inmate facilities. Ultimately, this would force some inmate payphone providers out of the market, thus raising the level of the surcharge. Therefore, CBTS strongly urges the Commission to reject the establishment of a single national compensation rate.

Respectfully submitted,

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